

WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007  
Richard P. Krasnow

Attorneys for Debtors  
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	:
	:
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	:
	:
Debtors.	:
	:
	:
	:
	:
	:
-----X	

Chapter 11 Case No.  
08-13555 (JMP)  
(Jointly Administered)

**NOTICE OF THIRD SUPPLEMENTAL DECLARATION OF  
ALVAREZ & MARSAL NORTH AMERICA, LLC IN  
CONNECTION WITH ITS EMPLOYMENT AND RETENTION**

**PLEASE TAKE NOTICE** that, on February 6, 2009, Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors") filed the attached Third Supplemental Declaration of Alvarez and Marsal North America, LLC in compliance with the Order Approving Application Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code for Authorization to Employ and

Retain Alvarez & Marsal North America, LLC.

Dated: February 6, 2009  
New York, New York

/s/ Richard P. Krasnow  
Richard P. Krasnow, Esq.  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Telephone: (212) 310-8000  
Facsimile: (212) 310-8007

Attorneys for Debtors  
and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
LEHMAN BROTHERS HOLDINGS INC., <i>et al.</i> ,	: 08-13555 (JMP)
Debtors.	: (Jointly Administered)
	:
	:
-----X	

**THIRD SUPPLEMENTAL DECLARATION OF ALVAREZ & MARSAL NORTH AMERICA, LLC IN CONNECTION WITH ITS EMPLOYMENT AND RETENTION**

John Suckow makes this declaration under 28 U.S.C. § 1746, and states:

1. I am a Managing Director with Alvarez & Marsal North America, LLC (together with its wholly owned subsidiaries, affiliates (all of which are owned by Alvarez & Marsal North America, LLC's parent company and employees), agents, independent contractors, and employees ("A&M")), a restructuring advisory services firm with numerous offices throughout the world. Unless otherwise stated herein, I have personal knowledge of the facts set forth herein or have been informed of such matters by professionals of A&M. To the extent any information disclosed herein requires amendment or modification upon A&M's completion of further review or as additional party in interest information becomes available to it, a further supplemental declaration reflecting such amended or modified information will be submitted to the Court.

2. A&M has previously submitted declarations dated October 8, 2008 [Docket No. 760]; November 4, 2008 [Docket No. 1366]; and November 17, 2008 [Docket No. 1559]; (collectively the "Declarations") in support of the October 8, 2008 application (the "Application") of Lehman Brothers Holdings Inc. and its affiliated

debtors in the above referenced chapter 11 cases, as debtors in possession (together the “Debtors” and with their non-debtor affiliates “Lehman”), pursuant to sections 105(a) and 363(b) of the Bankruptcy Code for Authorization to Employ and Retain Alvarez & Marsal North America, LLC to Provide the Debtors With a Chief Restructuring Officer and Additional Personnel, and to Appoint the Chief Restructuring Officer *Nunc Pro Tunc* to September 15, 2008. [Docket No. 760]

3. On December 17, 2008, the United States Bankruptcy Court for the Southern District of New York entered an order approving the Application and the Debtors’ employment and retention of A&M (the “Order”). [Docket No. 2278]

4. I am submitting this Third Supplemental Declaration to disclose certain additional information that has become available to A&M since the filing of the Declarations.

5. As set forth in the Declarations, and in connection with its proposed retention by the Debtors in these cases, A&M has undertaken an ongoing analysis to determine whether it has any conflicts or other relationships that might cause it not to be disinterested or to hold or represent interests adverse to the Debtors.

6. Specifically, A&M periodically receives from the Debtors, and/or their representatives, a list of the names of individuals and entities that may be parties-in-interest in these chapter 11 cases (the “Potential Parties-in-Interest”). A&M then provides this list to all of its employees worldwide and conducts a query of such Potential Parties-in-Interest in a database containing the names of individuals and entities that are represented by A&M. The results of A&M’s latest inquiry are listed below.

**A&M's Connections with Parties in Interest  
in Matters Unrelated to these Chapter 11 Cases**

7. In addition to those matters disclosed in previous Declarations:
- a. A&M is currently advising or has previously advised the following Potential Parties-in-Interest or their affiliates as creditors or on various official creditors' committees in which these Potential Parties-in-Interest or their affiliates were members or which represented the interests of these Potential Parties-in-Interest or their affiliates:
- Aberdeen Asset Management Inc;  
Calyon;  
Goldman Sachs Credit Partners;  
HSBC Realty Credit;  
Wachovia Bank.
- b. The following Potential Parties-in-Interest or their successors or affiliates have represented clients in matters where A&M was also an advisor (or provided crisis management) to the same client:
- Dewey Ballantine LLP;  
Troutman Sanders LLP;<sup>1</sup>  
Wachovia Bank;  
Wasserstein Perella Group Holding LLC.
- In certain cases, these professionals may have engaged A&M on behalf of such client.
- c. A&M and/or its affiliates are currently providing or have previously provided certain consulting services to the following Potential Parties-in-

---

<sup>1</sup> Troutman Sanders LLP also represents A&M and/or its affiliates on wholly unrelated matters.

Interest or their affiliates in matters wholly unrelated to the Debtors'

chapter 11 cases:

Aim Funds;  
Calyon;  
Evergreen;  
Fubon Bank;  
Goldman Sachs Credit Partners;  
HSBC Realty Credit;  
Nationwide Fund Advisors;  
Netapp Inc.;  
Shell Trading (US) Company;  
Wachovia Bank;  
WestLB.

- d. The following Potential Parties-in-Interest or their affiliates are significant equity holders of other clients or former clients of A&M or its affiliates:

Aim Funds;  
American National Insurance Company;  
Dubai International Capital LLC;  
Goldman Sachs Credit Partners;  
Heller & Friedman;  
HSBC Realty Credit;  
Nationwide Fund Advisors;  
QVT Financial LP;  
Shell Energy North America U.S. LP;  
Wachovia Bank.

- e. Goldman Sachs Credit Partners or its affiliates is / are significant joint venture partner of other clients of A&M or its affiliates.
- f. Dewey Ballantine or its affiliates is / are board members of other clients or former clients of A&M or their affiliates.

#### **A&M Personnel Inquiry**

8. In connection with their duties / responsibilities, three A&M employees, myself, William Fox, and Douglas Lambert, became board members of Lehman Brothers

Trust Company, NA and Lehman Brothers Trust Company DE (the “Trusts”). Pursuant to certain regulatory requirements, each of these individual, including me, was required to purchase \$1000 of stock in the Trusts. A&M views these investments as purely ministerial transactions. We plan to resell the stock for the same consideration as soon as the Trusts can be sold.

### **Related Representations**

9. In addition to the relationships with Potential Parties-in-Interest described above, and out of an abundance of caution, A&M has also identified the following representations that are indirectly related to the Debtors (the “Related Representations”).

- a. Tribune Company A&M has been retained as financial and restructuring advisors to the Tribune Company (“Tribune”). Tribune has a combined debt of approximately \$250,000,000 outstanding on two Lehman loan facilities. Lehman also has unfunded loan commitments that are a potential source of dispute and / or litigation with Tribune.

As part of its representation of Lehman, A&M is currently assisting with the preparation of Lehman’s Statement of Financial Affairs and Schedules of Assets and Liabilities (collectively the “Statements and Schedules”). Such Statements and Schedules will contain information relating to the debtor/creditor relationship between Lehman and Tribune.

Notwithstanding, A&M will recuse itself, in both the Lehman and Tribune’s cases, from directly assisting or advising Lehman or Tribune, as applicable, with respect to the negotiation, settlement, remediation and/or adjudication of any matters, claims, or disputes between Tribune and Lehman.

- b. ACA Financial Guaranty Corporation A&M is an advisor to ACA Financial Guaranty Corporation’s (“ACA”) Board and President in connection with their efforts to evaluate their risk portfolio, operations and certain remediation activities. Lehman holds approximately 5% of the outstanding surplus notes of ACA. These notes were converted from equity in connection with a regulatory driven reorganization and still maintain voting rights and other equity characteristics.
- c. Aracruz Celulose S.A. A&M was an advisor to an *ad hoc* creditors committee of Aracruz Celulose S.A. (“Aracruz”), which consist of certain

financial institutions with derivative exposure to Aracruz. At the inception of such representation, Lehman held \$50,000,000 out of the \$3,000,000,000 of the derivatives at issue. As of November 21, 2008, Lehman had not joined the creditors group. A&M will recuse itself from handling this matter for Lehman.

- d. Jazz Pharmaceuticals, Inc. A&M has been engaged by Lehman's counsel, Weil, Gotshal & Manges LLP ("WGM"), in connection with WGM's representation of one of the Debtors' non-debtor subsidiaries, LB I Group Inc., as purchase and collateral agent for certain lenders to Jazz Pharmaceuticals, Inc. ("Jazz"). A&M's fees will, in the first instance, be paid by Jazz. The scope of A&M's duties is expressly limited by the terms of its engagements to account for any potential conflicts.
- e. Daimler-Chrysler One of A&M's affiliates represents Daimler-Chrysler Financial Services Americas, LLC and / or Chrysler Motors LLC (together "Chrysler") in matters unrelated to the Debtors' chapter 11 cases. One of LBHI's subsidiaries holds a passive investment in Chrysler, which amounts to less than 5% of the outstanding equity securities of that entity.
- f. Energy Future Holdings Corp. One of A&M's affiliates represents Energy Future Holdings Corp. ("EFHC") in matters unrelated to the Debtors' chapter 11 cases. One of LBHI's subsidiaries holds a passive investment in EFHC, which amounts to less than 5% of the outstanding equity securities of that entity.

10. In each of the Related Representations, A&M has endeavored to segregate professionals working on the Related Representations from professionals working on the Debtors' chapter 11 cases. A&M does not believe that any of the Related Representations create a conflict of interest regarding the Debtors or their chapter 11 cases. A&M continues to believe that it is "disinterested" within the meaning of the term in Section 101(14) of the Bankruptcy Code.



I declare under penalty of perjury that, to the best of my knowledge, and after reasonable inquiry, the foregoing is true and correct.

Dated: February 6, 2009  
New York, New York

/s/ John Suckow  
John Suckow, Managing Director